

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

November 1, 2004
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Marshall, Deputy Mayor Noble, and Councilmembers Balducci¹,
Chelminiak, Davidson, Degginger, and Lee

ABSENT: None.

1. Executive Session

Deputy Mayor Noble opened the meeting at 6:00 p.m. and announced recess to Executive Session for approximately 15 minutes to discuss one item of pending litigation. An additional item of potential litigation was added for discussion during the Executive Session.

The meeting resumed at 6:35 p.m. with Mayor Marshall presiding.

2. Study Session

(a) SEAFAIR

City Manager Steve Sarkozy recalled the presentation last week of a proposal to host a SEAFAIR marathon in Bellevue in July. Council action is requested tonight under Regular Session Agenda Item 11(a).

Parks and Community Services Director Patrick Foran explained that the draft memorandum of understanding (MOU) on page SS 2-3 covers a three-year period (2005-2007) for providing a 5k walk/run, half-marathon, and marathon in Bellevue. The City will provide permit processing, Special Events Committee coordination, park scheduling, Parks Department staffing, and Police, Fire, and traffic control staffing for course preparation and monitoring. SEAFAIR will produce the event and provide all other services including volunteer recruitment and management. SEAFAIR will provide a marketing package as described in Attachment B (Page SS 2-6). The City's estimated cost for the event is \$48,000.

¹ Ms. Balducci arrived at 6:02 p.m.

Mr. Foran said the SEAFAIR marathon will promote name recognition for Bellevue and generate positive economic impact for the community. He noted the opportunity for the participation of local sponsors as well. City staff will assist with finalizing the marathon route and public outreach activities regarding the event.

Responding to Dr. Davidson, Mr. Foran said staff recommends allocating money for the 2005 marathon from the 2005 General Fund contingency. Future funding would be programmed into the operating budget with Council's approval.

Responding to Mr. Chelminiak, Mr. Foran agreed regarding the potential for identifying local sponsors, which could help to defray the City's costs. Responding to Mr. Lee, Mr. Foran said the MOU allows and encourages the City to seek additional sponsors.

Responding to Mayor Marshall, Mr. Foran clarified that funding for the marathon beyond 2005 could be allocated by Council in next year's mid-biennium budget process.

Mr. Foran responded to additional questions of clarification. The Special Events Committee will outline conditions for approval of the event.

(b) 2005-2006 Operating Budget and 2005-2011 Capital Investment Program (CIP)
Plan Review and Discussion

(1) Responses to Council's questions from October 25 Budget Review

Finance Director Jan Hawn referred to materials beginning on page SS 2-13 of the packet for responses to Council's questions during the October 25 budget discussion and additional information regarding the telephone utility tax and cable utility tax. A comparison of other cities' and Bellevue's utility tax rates is provided on page SS 2-38 of the packet.

Ms. Hawn said staff's economic development proposal will be presented during the November 8 Study Session. Attachment 2 provides information related to the Coal Creek/Newport Shores settlement. Attachment 3 outlines major variances in the budget by department. Attachment 4 provides a detailed history of the reallocation of Capital Investment Program (CIP) sales tax revenue to the General Fund.

Dr. Davidson requested historical data regarding the cable franchise fee. He is reluctant to approve a cable utility tax in addition to the franchise fee, which Comcast charges to customers. Responding to Mr. Degginger, Ms. Hawn said the cable utility tax rate of 4.8 percent is in the current City Code although the tax has never been collected.

Responding to Ms. Balducci, Mr. Sarkozy confirmed the need to add a new revenue source instead of utilizing reserves. Ms. Hawn said a budget deficit exists even with the cable utility tax projections.

Responding to Dr. Davidson, Budget Manager Jonathan Swift said the Lincoln Square and Overlake Hospital Medical Center projects will generate sales tax revenue of approximately \$800,000 in 2005 and \$300,000 in 2006.

Mr. Chelminiak questioned whether a different utility tax increase would be more appropriate than a cable utility tax.

Responding to several questions posed by Councilmembers, staff indicated they would provide additional information next week regarding the franchise fee and the history of Bellevue's utility tax rates.

(2) Potential City of Bellevue Voter Initiative in 2005-2006 Budget

Mr. Foran provided brief background information on local voter initiatives including a 1981 measure for stormwater facilities and other projects, an approved 1984 Parks/Transportation initiative, and a 1992 Public Safety initiative that failed. Voter initiatives have built the foundation of Bellevue's parks and open space system with eight separate measures passing between 1953 and 1989. Increased growth and revenue since 1989 temporarily suspended the need for bond measures to finance projects. A 2002 parks and open space bond issue was supported by the majority of voters but failed to achieve the needed 60-percent majority. Many projects were made possible through voter-initiative funding including Kelsey Creek Park, Robinswood Park, Lake Hills Greenbelt, Crossroads Park, Newcastle Beach Park, Downtown Park Phase II, Highland Center, North Bellevue Community Center, and Bellevue Aquatic Center.

Mr. Foran noted the financial forecast for modest revenue growth. Future municipal revenues are jeopardized by changing state law, voter initiatives, and economic instability. Limited funds are available for new development due to increased maintenance and operations funding and the renovation of the City's aging park system. The 2005-2011 CIP Plan does not include funding for new park projects or the recommendations of the Cultural Compass Plan.

Mr. Foran explained that Bellevue has changed significantly over the past 15 years. The population has increased from 86,350 in 1989 to 116,400 in 2004. Employment of 83,700 in 1989 has increased to 125,000 in 2004. Assessed valuation increased from \$6.6 billion in 1989 to \$21.2 billion in 2004. Cultural diversity within the community has increased and the percentage of residents over 65 years of age increased from 10.4 percent in 1989 to 13.4 percent in 2004.

The 2003 Park Plan identified capital needs of \$175 million and assumed funding through the CIP Plan, external sources, and a voter initiative. The Cultural Compass Plan provides a vision for Bellevue to become the cultural hub of the Eastside. The Downtown Implementation Plan highlights the need to maintain investments in downtown Bellevue as the commercial, retail, and entertainment core of the region.

Mr. Foran reviewed that Bellevue has one of the lowest property tax rates in the state (approximately \$1.28 per \$1,000 assessed valuation in 2005). The City is currently utilizing one

percent of its allowable debt capacity for parks and open space projects and programs. The outstanding debt on the 1989 bonds continues to decline and will be fully retired in 2008. If voters are willing to extend Parks debt at the current rate of \$0.10 per \$1,000 assessed valuation, a debt capacity of \$22 million will be generated over the next nine years or \$50 million of capacity will be generated over the next 20 years.

Mr. Foran said future Council decisions regarding a voter initiative will address the content of a bond measure, dollar value, financing mechanism (voted bonds vs. levy lid lift), and timing.

Noting that property tax rates have not increased in nearly 10 years and the current Parks bond was approved 15 years ago, Dr. Davidson feels a voter initiative should be explored. Mayor Marshall noted Council consensus to direct staff to continue working toward a voter initiative.

(3) Proposed Amendments to Transportation Impact Fee Schedule, Trip Generation Rates, and Impact Fee Areas Map

Mr. Sarkozy recalled that Council adopted the 2004-2015 Transportation Facilities Plan (TFP) and amended the Impact Fee Project List in July 2004.

Laurie Gromala, Transportation Assistant Director, explained that City Code requires Council consideration of the Transportation Impact Fee Schedule within six months of adoption of the Impact Fee Project List. Impact fees are collected from new development to help pay for transportation capacity projects.

Chris Dreaney, Development Review Manager, said the Impact Fee Schedule is designed to be simple and straightforward, remain competitive with surrounding jurisdictions, and maintain neighborhood equity. She displayed a table of impact fees since 1990. The proposed 2005 per-trip fee is \$469 compared to the current rate of \$1,012. The proposed 2005 gross square footage fee is \$1.14 compared to the current rate of \$2.30. The lower fees are due to a decrease in the total cost of impact fee projects from \$167 million in the previous TFP to \$94 million in the upcoming plan. The lower fees also reflect projections regarding the level of projected growth compared to predicted background traffic.

Mayor Marshall noted the most recent TFP was larger than previous plans, primarily because it funded the Access Downtown project. Ms. Dreaney confirmed that \$94 million is more typical of the City's history.

Ms. Dreaney recalled previous Council direction to review the calculation method and identify ways to streamline or simplify the fee schedule. Staff's review included discussions with developers, Bellevue Chamber of Commerce, Bellevue Downtown Association, and the Transportation Commission. The business groups and developers support the Transportation Commission's recommendation to revise the impact fee areas map to match the geographical boundaries of the City's mobility management areas (MMAs). The Commission voted to recommend approval and adoption of the Impact Fee Schedule, Trip Generation Rates, and Impact Fee Areas Map.

Mayor Marshall commended staff for working with the community and Transportation Commission to build consensus.

Dr. Davidson is pleased about the significant reduction in impact fees but cautioned against the potential need to increase fees again in the future. Mayor Marshall noted that impact fees are calculated according to a formula based on planned expenditures in the TFP.

At Councilmember Degginger's request, Council returned to Attachment 2 regarding the Coal Creek/Newport Shores settlement (Page SS 2-39 of packet). Ms. Hawn said a full discussion of the issue is planned for November 15.

Mr. Sarkozy confirmed the settlement represents a significant cost to the City. Options include spreading the cost of the litigation citywide or focusing more costs on the neighborhood and/or basin that will benefit from the sedimentation/flooding mitigation measures. The Environmental Services Commission will review the issue on November 4 and forward a recommendation to Council.

3. Council Business [Regular Session Agenda Item 6]

Dr. Davidson attended meetings of the Cascade Water Alliance Board and Woodridge Community Club.

Ms. Balducci attended the Transportation Commission meeting and a Youth Link Board retreat.

Mr. Lee attended the Puget Sound Regional Council Executive Board meeting.

Mr. Degginger attended the Cascade Water Alliance Board meeting and the Downtown Bellevue design charette.

Mr. Chelminiak attended a Probation Board meeting and the Downtown charette.

Deputy Mayor Noble attended an Eastside Transportation Partnership (ETP) subcommittee meeting. He met with representatives of the Parks Department, Bellevue School District, and the Deputy Superintendent of Boston public schools regarding community building strategies.

Mayor Marshall attended Sound Transit meetings.

At 8:01 p.m., Mayor Marshall declared recess to the Regular Session.

Myrna L. Basich
City Clerk

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